

GASB 34-35 COLLEGE TASK FORCE MEETING
MINUTES
February 27, 2002

Attending:

Paul Pendas, Legislative Auditors	Greg Bursavich, LSU
Joseph Thomas, Louisiana Tech	Joseph Marin, LCTCS
Tom Cole, Legislative Auditors	Beth Sigler, LCTCS
Susie Buchman, LSU Health Science Center	Tolor White, Southern University
Art Landry, LSU Health Science Center	Pat Casey, University of New Orleans
Bill Wells, LSU System	Howard Karlton, OSRAP
Cathy Trichel, Northwestern University	Afranie Adomako, OSRAP
Rita Graves, Northwestern University	Mark Rhodes, OSRAP
Stan Wright, Northwestern University	
Richard Thompson, University of Louisiana Systems	
Pam Diez, River Parish Community College	

Compensated Absences – Calculation and method of presentation (open issue from last meeting)

The discussion focused on how to calculate additions or deletions for the compensated absence calculation and which one should be plugged. The task force agreed to exclude, from the compensated absence calculation, employees who had a beginning and ending leave balance of over 300 hours. Deductions would equal: leave taken for the employees who had a beginning balance of less than 300 hours or an ending balance of less than 300 hours. Since everyone's system already calculates a beginning and ending balance, the additions can be a calculated amount.

For the schools that do not perpetually calculate the dollar amount of leave taken (leave taken as you go), the following method will be use to calculate the dollar amount of leave taken:

Calculate the average of the beginning salaries of the employees on 7/1 and the ending salaries on 6/30. Multiply this average by the amount of leave hours taken during the year to arrive at the dollar amount of leave taken for the year.

Summer school issue-revisited:

Greg told everyone what LSU was going to do in reference to the summer session. He noted that it isn't going to work in every situation, but this is how LSU is going handle the summer session. He is going back to the last summer session and count the days before June 30th and count the days after June 30. If 60% of the days were before June 30th, then 60% of the expenses should have accrued and 40% of the revenues should have been deferred. He will then make a prior period adjustment to fix the balance sheet, so that it appears as it would have if the accrual method would have been used and the days had been counted. The adjustment will include the following:

Debit deferred revenues (decreasing deferred revenues down to what should have been booked)

Debit expenses

 Credit prepaid expenses (eliminating prepaid expenses that were booked)

 Credit accounts payable (adding expenses that should have been booked)

 Credit fund balance (net of the top 3 numbers)

These numbers will not be reversed, but will be left on the balance sheet. LSU will continue to do what they always do, deferring revenue and prepaying expenses and not accruing expenses. They are just going to make this one prior period adjustment.

Greg was asked if he was going to book it to the accounting records. Greg said he was, but it is not required; a worksheet adjustment is sufficient. Greg said they are creating a new fund, the GASB 35 adjustments fund, and they are booking entries to that fund. It doesn't show up anywhere (not the financial reports or budget reports). It is only used when they create the statements for Office of Statewide Reporting and Accounting Policy (OSRAP).

The comment was made that you may have to make another adjustment in a few years; if for instance, your prepaid expenses would increase by \$250,000 due to increased salaries. You should make another adjustment similar to the first when it becomes necessary and material.

The Task Force asked the auditors for approval before they adopted LSU's method as policy. Paul asked for the proposed policy in writing and he would present it to F&C management for discussion. After the policy is discussed, he will tell us if they had a problem with it. Greg noted that some of the other states are handling their summer session this way or are considering do it this way. This will be on the next meeting's agenda.

Restatement of balances

The items that will need to be restated on the balance sheet are deferred revenues and prepaid expenses for some schools. Also, buildings and equipment will have to be depreciated, so it will require a prior period adjustment. Also, equipment under \$5, 000 will have to be uncappeditalized.

Risk Management and untagged property

Since property under \$1,000 is not tagged and not insured, how will Risk Management know what was in someone's office and the dollar amount if their office or building is destroyed? Howard went to a Risk Management meeting and he was told that you are expected to have certain things in your office according to your position or status. Risk Management will accept a written list of what was in your office at the time the building was destroyed. The value of the lost items would be based on their user's memory. If the user can't remember the cost, estimates would be accepted.

Scholarship discounts and allowances -

Everyone in the ULS system is going to use the alternate method to calculate scholarship discounts and allowances. The Task Force agreed that fee exemptions for dependents of faculty and staff are to be treated as compensation expense except when preparing the federal report.

Note: NACUBO Advisory Report 2000-05 states that tuition remission policies developed as employee benefits should be accounted for as compensation expense and not as a scholarship allowance to tuition because the tuition remission was given in exchange for services. Governmental grants and/or other programs intended to help students defray their educational expenses should be handled in accordance with guidance issued by GASB for public institutions. The current GASB standard is that Pell Grants meet the definition of current restricted grant revenue. Thus, in public institutions the amount of a Pell Grant used to satisfy a student's fees and charges is a scholarship allowance; any excess aid disbursed to the student charges is a student aid expense.

SRECNA expenses - It has been decided that the expenses will be displayed by function.

Miscellaneous

Classification of capital assets will be placed on the agenda for a future meeting, but it noted that major classifications or systems (i.e., utilities, water systems, etc) had to meet the \$3 million threshold for the year or per year before it would be classified as infrastructure and be capitalized and depreciated accordingly.

Paul stated that if you omit the Statement of Cash Flows from your financials, it would affect the opinion on your audit. He noted that materiality is a factor, but he encouraged everyone to at least give it a try.

Howard stated that the deadline for submitting Annual Fiscal Reports would be extended two weeks to September 17, 2002, but OSRAP will require system generated statements from everyone. Paul noted that their audits would be a little different also. Take the University of Louisiana System, for instance, a team of auditors will meet and decide what is material to that system report. An individual university may only receive a management letter and not an audit report. Schools undergoing accreditation will still receive a full scope report. The only opinion will be at the system level. There will still be an audit presence, but it will be different than the past. There are some statutory requirements that every university has to have some coverage biannually. Southern University will not change because they are already reporting by system.

Unaudited Popular Reports were briefly discussed. Paul stated that you may have a problem if you include your audit report within your Popular Report. Then the auditors are required by the standards to ensure that there are not any gross errors in the rest of the Popular Report.

The next meeting is set for Wednesday, March 13th at 1:30. OSRAP will forward the 2002 notes to some of the task members for review.